The City of Rockville: A High Performance Organization

Increasing Productivity:
Recent Accomplishments
and Future Opportunities

November 30, 2012

Doing More With Less

Between 2000 and 2010, the population of Rockville grew by 29%, from 47,388 to 61,209. During the same period, the City's workforce increased by less than 10%, from 376 to 413 full time equivalents (FTEs).
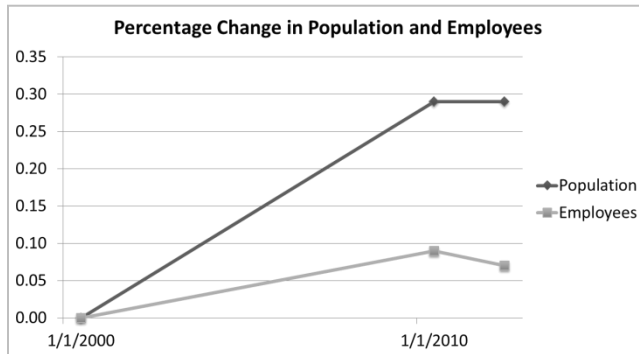

Fig. 1.1: Increase in City population vs. workforce

For fiscal year 2013, the General Fund workforce is just under 403 FTEs. This equates to a 7% increase in FTEs from the year 2000 to meet the current demands of nearly 30% more residents.

In addition to the increased service needs of a larger population, Rockville has expanded its functional responsibilities to fulfill the increasingly complex regulatory requirements of the 21st century. For example, the Environmental Management Division was created in 2006 to coordinate sustainability goals throughout the City. Most new public policy objectives require the assignment of new or redirected resources to support their implementation.

Such increases in services requirements and work complexity demand the commitment of resources at a time when diminishing revenues are an inevitable consequence of the economic downturn that has plagued the nation, and most of the world, in recent years.

In order to mitigate projected decreases in assessed values resulting in decreased property tax revenues, a two cent property tax rate increase is assumed in the five-year forecast included in the City's 2013 budget. Absent such an increase in the tax rate, the forecast indicates that reductions in city expenditures would be necessary to produce a balanced budget in the coming years.

Economic challenges demand that the City of Rockville continue to find ways to maintain service levels with fewer resources. At the same time, our vision demands that we maintain high service quality for Rockville's taxpayers – the residents, visitors and businesses we serve. The key to accomplishing the same with less is increased productivity.

Productivity = Output/Resources

The City has made significant strides in productivity in recent years. This document highlights some examples of those successes and identifies future opportunities to further improve our productivity.

Cheaper, Faster and Better Quality

The science of productivity has been refined and promoted in recent decades by leaders like W. Edwards Demings through Total Quality Management (TQM) and more recent business management strategies like Six Sigma and Lean principles to preserve value with less work.

The recurring themes from these and other successful models for accomplishing work more cost-effectively, more quickly and efficiently, and with better quality results are incorporated in the core values and criteria of the U.S. government's Baldrige National Quality Program (Baldrige).

Based on key strategies from Baldrige, as a compilation of the broader range of sources in the field of productivity, this document has been organized into the following six sections:

1. Strategic Planning and Management
2. Customer Focus
3. Workforce Management
4. Technology Management
5. Work System Management and Process Refinement
6. Innovation, Agility and Continuous Improvement

Financial Management is not featured as a stand-alone section in this document because the City's annual budget documents address in detail the City's financial planning practices and policies, near-term operational plans, long-term capital plans and recent fiscal results. However, the City's Financial Management Policies for Productivity, adopted by the Mayor and Council through the City Budget, are summarized below and each one is revisited within this document.

Rockville Financial Management Policies for Productivity

1. Analyzing systems and procedures to identify and remove unnecessary review requirements.
2. Evaluating the ability of new technologies and related capital investments to improve productivity.
3. Developing the skills and abilities of all City employees.
4. Developing and implementing appropriate methods of recognizing and rewarding exceptional employee performance.
5. Evaluating the ability of the private sector to perform the same level of service at a lower cost.
6. Periodic formal reviews of operations on a systematic ongoing basis.
7. Encouraging accountability by delegating responsibility to the lowest possible level.
8. Stimulating creativity, innovation and individual initiative.
9. Improving the organization's ability to respond to changing needs, and identify and implement cost-saving programs.
10. Assigning responsibility for effective operations and citizen responsiveness to the department.

1. STRATEGIC PLANNING AND MANAGEMENT

Strategic Leadership with a Focus on the Future

"Efficiency is concerned with doing things right. Effectiveness is doing the right things."
-Peter Drucker

One of the chief responsibilities of an effective organization's leadership is to set priorities and clarify the purpose of the work. In local government, this leadership begins with policy setting by the elected body.

Rockville's Mayor and Council ensure City operations are focused on the right priorities through a systematic strategic planning process. Every two years, the Mayor and Council revisit their vision and goals for the City and update them accordingly.

City staff takes its direction from the Mayor and Council's stated vision and goals, and the City's long-term mission and values, and uses them to guide the development of annual objectives and associated performance measures for each work unit in the organization.

These strategies are published in the City's annual budget book, which outlines work priorities in addition to funding expenditures for the coming year.

Fiscal planning for the budget begins with an annual five-year budget forecast prepared by the City's staff. The annual budget process extends over half the year, beginning with initial guidance to staff from the City Manager in late fall and the submission of department budget proposals to the City Manager in December.

Based on policy guidance from the Mayor and Council and mid-year revenue and expense data, the City Manager works with staff to refine the professional staff recommendation that culminates in the presentation of the City Manager's proposed budget to the Mayor and Council in March.

The Mayor and Council hold a series of public hearings and work sessions on the budget through April and refine funding proposals to adopt a final balanced budget in late May. The adopted budget serves as the centerpiece of citywide fiscal and operational planning for the coming fiscal year.

Several additional plans help to guide the strategic direction of the City, prioritize projects and services and direct City resources:

- Strategic Scan: This report is updated every few years to identify key trends and conditions in Rockville. It provides data and analysis on the interrelationships of population, household and employment growth, evolving demographics, economic conditions, land use and development, City revenues, services, and facilities.

- Comprehensive Master Plan (CMP): This 20-year plan guides development, conservation and capital improvement projects to improve the quality of life in Rockville. The plan must comply with state regulatory requirements, including a review every six years. The current, 2002 CMP was reviewed in 2009.

- Capital Improvements Program (CIP): The City annually updates the 5-year CIP to budget for major, often multi-year projects like infrastructure improvements. The current CIP describes how more than $69 million will be invested in 47 projects during fiscal year 2013.

- IT Strategic Plan: In 2011, the Mayor and Council adopted an updated IT Strategic Plan for fiscal years 2012-2016. It lays out five years of strategic initiatives for the management of the City's technology.

- Parks Recreation and Open Space (PROS) Plan: In 2010, the Mayor and Council adopted its first PROS Plan to chart a comprehensive, 20-year strategy for Rockville's parks and recreation.

- Culture and Entertainment Plan: In 2011, the City issued its first plan to develop its cultural and entertainment resources to promote Rockville as a premiere destination.

These strategic plans are presented to the public for review and discussion before adoption by the Mayor and Council. This process ensures the citizenry an opportunity to shape the future of the City, and provides clear

direction regarding Rockville's priorities to the City staff for their implementation.

Sustainability

> "The term 'sustainability' refers to your organization's ability to address current business needs and to have the agility and strategic management to prepare successfully for your future business, market, and operating environment."
> -- Baldrige Criteria for Performance Excellence

Over the past five years, the City has significantly transformed the majority of its public works and facilities programs with comprehensive, long-term strategies for cost-effective maintenance of crucial infrastructure and more efficient service delivery.

- City buildings: Roofs and HVAC-related equipment have been inventoried citywide and a long-term maintenance and replacement schedule is now established through the Capital Improvements Program.

- Sustainable Recycling & Refuse Program: The introduction of once a week, semi-automated, curbside collection and single-stream recycling has increased the recycling rate from 44% to 52%, streamlined work processes to increase efficiency and morale while reducing employee injuries, and reduced costs to prevent increases in resident service fees for five years.

- Sustainable Asphalt Program: New software and management practices have enabled staff to inventory, inspect and manage data for a more strategic approach to asphalt repaving. As a result, street repairs are prioritized more efficiently and effectively, and multiple contracts are now awarded for improved quality and cost effectiveness.

- Sustainable Water Program: Long-term infrastructure improvements are now scheduled for methodical testing, repair and replacement to ensure adequate fire hydrant flow and compliance with water quality standards, and to reduce disruptive

and costly water main breaks. A level funding plan ensures future stability and proactive management of the water system while streamlining staff planning time.

- Sustainable Sewer Program: A comprehensive assessment of the sewer system through in-house closed circuit television inspections on a 10-year cycle has eliminated more expensive and less comprehensive studies previously conducted by consultants. More than 60 miles have been inspected since 2008. A cross-divisional team now provides improved operational strategies to plan and manage the work. Millions of dollars saved from evaluation contracts over a ten-year period are now applied to actual pipe repairs.

- Sustainable Stormwater Program: This program has become a model for similarly sized jurisdictions statewide. A new fee structure is funding stormwater projects at College Gardens, Woodley Gardens, Horizon Hills, Glenora, Upper Watts Branch Forest Preserve and Southlawn. The addition of a proactive stream protection ordinance has been supplemented with the mobilization of hundreds of volunteers to clean stream valleys and educate community members. Environmentally beneficial reductions in pipe obstructions have improved stormwater flows.

Future Opportunity 1-A: Sustainable Bridge Program: The City is developing a similarly comprehensive program to systematically inspect, assess and maintain Rockville's 100 bridges to ensure safety and improve cost-effectiveness.

Citizen Input and Participation

Citizen input and participation is a cornerstone of democracy. In addition, business management theory has widely adopted the incorporation of customer input as an essential resource for continuous improvement and innovation. In other words, citizen input is not only an ethical tenet in local government but also essential as a best practice for productivity.

Rockville's tradition of ensuring citizen engagement is evidenced through its more than 25 boards and commissions and the establishment of an open Citizen's Forum on the agenda of every meeting of the Mayor and Council. In addition, the Mayor and Council can ask for additional citizen input through formal public hearings.

For the past decade, the City has proactively sought additional, detailed input from a valid sample of residents through its biennial Citizen Survey, which consistently shows Rockville leading national benchmarks for citizen satisfaction.
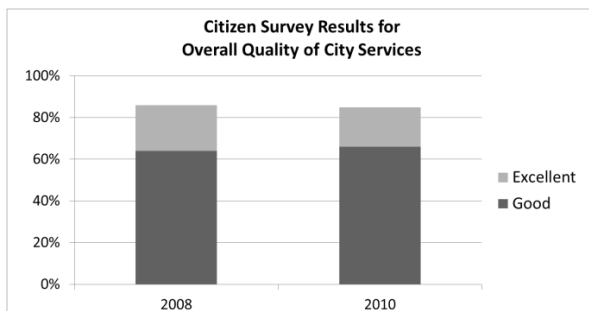

Figure 2.1: Citizens consistently rate Rockville services much higher than residents in other jurisdictions, with more than 80% at good or excellent.

In recent years, the City has sought to leverage technology to further enhance citizen input and participation.

- Information is shared through RSS feeds and email newsletters, and input is solicited through public discussions hosted through social media like Facebook. In 2011, Rockville had over 1,500 Facebook fans.

- Rockville is currently implementing online permitting for the public to apply for and pay for up to four types of simple permits and business license renewals.

Most departments have transitioned from paper forms to "fillable" electronic forms online. Documents are downloadable from the web and/or available on CD. The City's website -- which is undergoing a periodic redesign to ensure continuous improvement -- simplifies requests for public information; make codes and policies readily available to the public; provide updates on community developments, proposed land use projects, City projects and news; and promotes available services and products. Examples of those better served range from parents researching summer camp programs to brides planning a rental of the City's Glenview Mansion.

Future Opportunity 2-A: Future technology investments like the planned Enterprise Resource Planning (ERP) system will enable the City to evolve from offering the public online forms to providing online data entry. Customers will be able to input service requests, complaints, and other municipal business directly into the City's database for processing – thereby streamlining the intake process, expediting service delivery, and improving the City's management and tracking of information.

Effective Reporting and Communication

City government principles of transparency and accountability depend upon the distribution and availability of information to the public. The

City of Rockville utilizes multiple channels and methods to support these values.

- Funded through a homeland security grant, the City launched "Alert Rockville," which allows the public to subscribe to weather, traffic, and other emergency alerts via mobile text or e-mail. There are currently over 9,000 subscribers.

- Rockville Reports: The City's newsletter, "Rockville Reports," is published ten times a year, including an Annual Report at the end of each fiscal year, and delivered by mail to every household in Rockville.

- Popular Annual Financial Report (PAFR): In 2007, the City began publishing this annual report on the City's financial statements in a format that is easy to read and understand. It provides a summary overview of the more detailed data published in the Comprehensive Annual Financial Report.

- In 2010, the City convened the Finance and Budget Task Force to help define better tools and procedures to formulate Rockville's annual budget. This citizen task force issued a report with 57 recommendations regarding the City's financial management policies, budget process and budget book. The Budget Division has incorporated many of these recommendations into newly improved practices and products. Many have helped to improve the readability of the budget book for citizens seeking to better understand and follow their government.

- In 2011, the City launched the year-long Rockville Summit public process that included two autumn community meetings of between 100 and 200 stakeholders to discuss the future of the community, as well as six stakeholder working groups that developed approximately 140 recommendations for the City relating to budget and services, job growth, housing, traffic and transportation, education and school capacity, and preserving Rockville's character.

- In 2008, the City began contracting with Granicus, a web-based service, to provide live streaming of the City's cable television station over the Web and video on demand. Citizens are able to search online for topics in the minutes of any Mayor and Council meeting and watch the relevant segment of the meeting's discussion. This self-service also saves staff time previously committed to creating DVDs upon request.

- The City has upgraded the infrastructure of its Geographic Information System (GIS) and refined its data. Rockville maintains over 200 map layers of information, many of which are available to the public through interactive features on the City's website. A planner position was recently converted into a GIS planner to increase the City's leverage of this investment. In the coming years, GIS will offer improved analytical tools to increase productivity of employees, enhance a new ERP system and provide better information to the public and volunteers serving on boards and commissions.

Future Opportunity 2-B: A systematic, citywide approach to code review and analysis for simplification and streamlining may result in greater efficiencies.

- The Community Planning & Development Services Department created a Development Review Manual to detail for the public the City's development process. In addition, process mapping methodology was used to outline the entire development review and permitting process in one document. Updates to the Development Review Manual and to the City's Zoning Ordinance have been made based on recommendations from the citizens' Communications Task Force convened by the Mayor and Council in 2010.

Streamlined Internal Customer Service

One of the most effective ways for a city to enable its municipal services departments to provide the best possible customer service is to ensure that its internal service departments are supporting them as effectively as possible. (Miller, Chapter 9: All Pipes are Not Created Equal, 2011)

- Overall, the quality of the City's internal customer service and interdepartmental collaboration is on the rise. In the 2011 employee survey, the cumulative average rating for all departments increased by 7% (see Figure 2.2) and internal service departments cumulatively increased by 3.67% from 2008.

Internal Customer Service
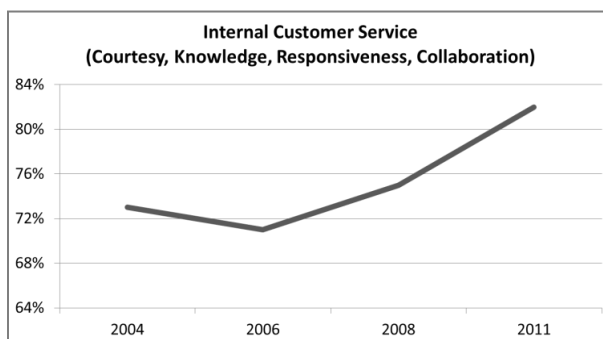**(Courtesy, Knowledge, Responsiveness, Collaboration)**

Figure 2.2: Citywide Internal Customer Service by all departments improved by 10% over five years.

Future Opportunity 2-C: A more strategic approach to the continuous improvement of internal services may strengthen their support of the priority missions of municipal service departments.

"The term 'workforce capability' refers to your organization's ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people.

"The term 'workforce capacity' refers to your organization's ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your products to your customers…

"The term 'workforce engagement' refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organization. Organizations with high levels of workforce engagement are often characterized by high-performing work environments in which people are motivated to do their utmost for the benefit of their customers and for the success of the organization."

-- Baldrige Criteria for Performance Excellence

Workforce Capability

Rockville ensures the competency of its workforce with thorough hiring practices and through employee training and development. The City's commitment is confirmed in its adopted Financial Policies for Productivity.

> **Rockville Policy for Productivity No. 3**
> Developing the skills and abilities of all City employees.

Training plans have been established for employees whose positions require certifications or credentialing and employees are held accountable for maintaining required standards through the performance evaluation system.

Due to the significant economic downturn, the City ceased funding professional development in fiscal years 2010 and 2011, but retained a limited investment in training for essential certifications.

- In 2012, the Mayor and Council restored $200,000 for professional development to begin addressing the training needs of employees.

- In 2012, the City launched a new, computerized talent management system to improve the management of personnel information and widely disseminate e-learning as an economically efficient supplement to classroom training.

In addition, City employees mentor, coach and provide in-house training to fellow employees.

- Budget staff members provide annual training on the budget process and associated technology.

- The IT Department periodically offers Microsoft Office 2010 training for staff to improve their skills in Word, Excel, and PowerPoint.

- The interdepartmental Customer Service Action Team reinforces customer service skills through citywide education initiatives and customized training for work groups.

Workforce Capacity

One of the greatest challenges for most organizations is the ongoing "right-sizing" of workforce increases and decreases in alignment with workloads, financial resources and strategic priorities.

- From 2010 to 2012, the City eliminated 19 positions. In response to the recent economic downturn, the City Manager adopted a practice of reviewing all vacant positions to freeze positions where practical and approve filling high priority positions.

> *Future Opportunity 3-A:* The establishment of a citywide, systematic approach to analyzing workload demand and position allocation may further improve the distribution of workload to existing and future staff positions. Development of such an approach may require consulting support.

Workforce Engagement through Delegation

"Cost-saving strategy: Leave people alone and let them do their work."

--Ken Miller, "Extreme Government Makeover"

Increased delegation is frequently cited as a preferred management practice to save money and time, build skills and motivate employees.

Rockville subscribes to a business philosophy model established by the Commonwealth Centers for High Performance Organizations (CCHPO) to promote leadership and management responsibilities among all employees. (See Figure 3.1).
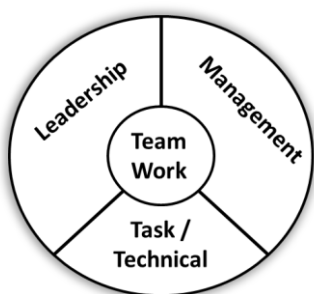
Fig. 3.1: CCHPO High Performance Organization model

This model reinforces our adopted Policy for Productivity No. 7, by promoting increased responsibility at all levels of the organization. Such delegation is paired with performance monitoring and results reporting to ensure that accountability accompanies empowerment.

Rockville Policy for Productivity No. 7
Encouraging accountability by delegating responsibility to the lowest possible level.

Employee survey results indicate favorable trends in delegating responsibility to workers. In Rockville's 2011 employee survey, favorable responses to the four questions most closely tied to delegating responsibility and promoting innovation increased by an average of 10% from the last survey. (See Figure 3.2.)
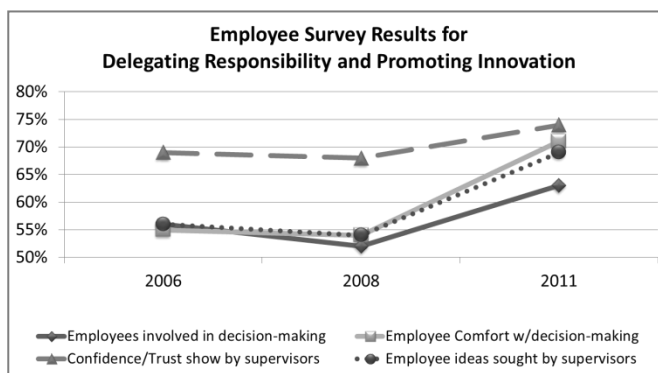
Employee Survey Results for Delegating Responsibility and Promoting Innovation

- Employees involved in decision-making
- Employee Comfort w/decision-making
- Confidence/Trust show by supervisors
- Employee ideas sought by supervisors

Fig. 3.2: Employee survey results for delegation/innovation.

In the same survey, Rockville's employees suggested that delegation be expanded even further. The desire for increased input and/or delegation was among the top three most frequent comments when employees were asked for suggestions for improvement.

Rockville's 2011 Employee Survey

Top responses to the question:
"What should we start doing or do more?"

1) Provide employee benefits and/or opportunities for advancement;

2) Provide recognition and/or improvement of morale;

3) Seek more employee input and/or increase delegation.

Fig. 3.3: Employee survey suggestions for improvement.

Future Opportunity 3-B: Identify specific opportunities for increased delegation and monitor their sustained implementation in all departments of the City. Provide associated training and support to employees with expanding responsibilities and to managers and supervisors regarding management techniques that promote effective delegation. Ensure appropriate accountability measures remain in place to compliment empowerment and delegation.

Workforce Engagement through Rewards and Recognition

> **Rockville Policy for Productivity No. 4**
> Developing and implementing appropriate methods of recognizing and rewarding exceptional employee performance.

Rockville has established several citywide programs to reward and recognize employees:

- An annual awards ceremony is held each December to recognize longevity according to years of service by five-year anniversaries and high performance achieved by individuals and teams, nominated by peers and conferred by the City Manager.

- An annual employee picnic is held each June to thank and celebrate employee service.

- Quarterly Customer Service Awards are presented to employees who are nominated and selected by their peers for providing outstanding customer service.

- Rockville's pay-for-performance system for administrative employees correlates annual salary adjustments to employee performance evaluations, including a potential one-time payment for exceptionally high performers. (Due to the economic downturn, pay increases were not fully budgeted for fiscal years 2011 and 2012, but additional leave time is granted to exceptionally high performers.)

As indicated in Figure 3.3, when asked for improvement suggestions in the 2011 Employee Survey, employees expressed a desire for improved employee benefits or opportunities for advancement and more recognition or efforts to improve morale.

> *Future Opportunity 3-C:* When economic conditions become more favorable, the City should seek to fully fund the established pay-for-performance system and adjust employee salaries as needed to remain competitive with the labor market.

> *Future Opportunity 3-D:* Managers and supervisors should increase informal and formal expressions of appreciation to high performers for excellent work.

> "Managing information can require a significant commitment of resources as the sources of data and information grow dramatically."

> "The aim is to improve organizational efficiency and effectiveness and to stimulate innovation."

> --Baldrige Criteria for Performance Excellence

Rockville seeks to leverage the benefits of effective technology management through large-scale projects identified in the IT Strategic Plan as well as in its day-to-day use of current technology systems.

Rockville Policy for Productivity No. 2

Evaluating the ability of new technologies and related capital investments to improve productivity.

Elimination of manual work

Automation through technology often reduces or eliminates manual work. This can free up employees to work on more interesting and complex tasks as "knowledge workers" or subject matter experts, particularly with appropriate training. In the case of positions that are primarily dedicated to manual work, these positions are sometimes eliminated altogether, preferably through attrition.

- The Accounts Payable Division transitioned from manual to automated check issuance, mailing all checks instead of offering the option to be picked up in person, and processing of travel reimbursements online. The resulting streamlined processes save time and money and improve record-keeping and security.

- In FY13, employee self-service systems will deliver employee pay stubs electronically, eliminating the need for postage. The Human Resources Department will also offer an employee self-service system for open enrollment, eliminating over 90% of the manually filled out forms employees previously used to sign up for health insurance and other annual benefits.

- The introduction of live streaming and video-on-demand broadcasts of public

meetings has reduced the need for city staff to attend night meetings or rely on detailed written minutes, resulting in saved overtime expenditures and the elimination of one administrative position in Community Planning and Development Services.

- Rockville converted from manual to electronic water meter reading, allowing the elimination of one position in fiscal year 2012 and possibly another in the future. On a smaller scale, the City now uses software to modify timing for school flashers from the office instead of driving to each flasher for manual adjustments.

Streamlining Operations and Service Delivery

- In recent years, the City transitioned to an electronic "eGenda" system to streamline the production and posting of agenda for the Mayor and Council's meetings. This software moves draft documents through the interdepartmental review and approval process more quickly, with a more accurate record of changes and status reporting, and simplifies posting the documents to the City's website for convenient access by the public.

- KRONOS time keeping and recording system: In recent years, the City transitioned from paper-based processes to a new computerized system for timecards and payroll. This has reduced redundancies in data entry, simplified and expedited approval processes, standardized record-keeping citywide, and provided clearer reporting to managers and employees alike. Future plans for web-based employee self-service access and tracking of employee hours against projects will further the system's contributions to productivity.

- The CLASS online registration system for recreation programs has increased convenience for customers and strengthens the City's ability to track and analyze program data. The system logged 28,000 recreation registrations in 2010.

- In recent years, the City has transitioned to an online, web-based auction system for the dispersal of surplus materials and equipment. It provides a much improved, real time level of reporting detail to managers, and received funds are more efficiently transferred electronically to a City bank account.

- In 2011, the City conducted a formal needs assessment and expanded the availability of remote access to electronic files and programs to additional employees in all departments. This has allowed more employees to work from home and maintain productivity during weather emergencies that limit commuting access to the workplace.

Environmental Stewardship

Many increases in efficiency from technology also provide environmental benefits.

- Installation of LED traffic signals has saved electricity and money, and also reduced maintenance and service calls.

- The Thomas Farm Community Center features model energy saving technologies: geothermal heating/cooling, insulated glass, natural lighting and pervious pavement and high-efficiency plumbing. Energy bills at the new center are half the cost of those of its sister center in Twinbrook.

- Distribution of electronic documents reduces paper use. For example, the number of annual Summer Camp and Rec Guides printed was reduced by nearly 14,000.

- Since 2007, the City has contracted with an energy consultant to develop usage and cost databases for utilities, monitor billing, provide budget estimates and advise on energy purchases. As a result, the City has saved more than $114,000.

Future Opportunity 4-A: Investment in Compressed Natural Gas (CNG) vehicles may provide a cleaner burning engine while reducing maintenance requirements and fuel costs. The City should continue to monitor costs associated with converting vehicles to CNG and consider purchasing CNG vehicles if/when it becomes cost effective.

Future Opportunity 4-B: Explore the feasibility of incorporating solar photovoltaic systems at City facilities. In 2011, US EPA created a Clean Energy Collaborative Procurement Initiative for the Washington, DC region to help local governments address the administrative, development and up-front cost barriers to renewable energy.

Public Safety, Emergency Preparedness and Response

- The mobilization of field staff in response to weather crises or other emergencies has been streamlined with faster and more consistent information through the use of a simple one-call technology to instantly reach employees' cell phones and email accounts.

- Battery back-ups were installed at two-thirds of all City signalized intersections in 2010 and 2011. Installation will be completed at the remaining third in 2012 to maintain safe operation during power outages at all City signalized intersections.

- Emergency back-up generators have been installed at City Hall, the Water Treatment Plant and pump stations to ensure continuity of operations during a power outage. Two additional generators obtained with FEMA grant funding are being installed at the Police Station and Senior Center to support public safety and sheltering.

- The Police Department continually seeks to leverage new technology to increase the effectiveness of public safety, including the installation of mobile data computer terminals in each police vehicle, in-car cameras to record enforcement actions, license plate recognition systems to support traffic enforcement, photo speed and photo red light cameras to promote traffic safety, and an electronic ticketing system directly connected to the State of Maryland.

Pairing Workforce and Process Refinement with Technology Implementation

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"Managers need to look for process innovations and for ways to increase …value … by an order of magnitude, and they need to think about how IT can *enable* this rather than how IT alone can accomplish it. …

"Don't consider technology investments independent of other changes to the business. A proposal that recommends a hardware or software purchase and doesn't explain how you're going to run the business differently as a result doesn't have much merit. Anyone who looks at the technology plan in isolation and doesn't factor in the other investments needed to make it work – in facilities, reorganization, retraining, marketing, branding – is unlikely to reap much benefit. …

"Just take a look at many of the large-scale enterprise resource planning implementations over the past ten years. ERP involves a very sophisticated technology that a lot of businesses implemented without necessarily changing the way they operated. Businesses were installing and modifying the software to conform to how they did business rather than exploiting the opportunities offered by the software to innovate. "

--Gardiner Morse, Harvard Business Review

One of the key productivity benefits of a technology investment occurs when an organization institutionalizes new best practices that result from utilizing new software systems.

Rather than simply automating existing workplace practices that have developed over time (sometimes haphazardly and without strategic analysis), technology implementation projects provide an opportunity to consider the current environment and adopt more effective practices to become automated and standardized throughout the organization.

Future Opportunity 4-C: For new technology projects, the City might consider designating 1) a project manager to oversee the implementation of the technology and 2) a change manager or "architect" to coordinate associated business process improvements and changes to work practices and culture, and related training. For large projects, one or both of these roles may temporarily require an external consultant or full-time equivalent position.

"Without the architectural role, implementers will assume the old architecture and do what is familiar rather than that which is transformational. The architect helps everyone learn new conceptual frameworks, new approaches to delivering the service and using resources, and new habits and processes that are consistent with the vision. The architect helps the organization adopt a new culture that supports the transformed state."

--Babak Armajani, Governing,com

Systematic Operations Management

> **Rockville Policy for Productivity No. 6**
> Periodic formal reviews of operations on a systematic ongoing basis.

Rockville uses systematic methods for regularly reviewing the status of operations and priority projects. While the specific system used varies depending on the programs and projects, the goal is to continuously monitor timeliness, effectiveness, coordination and spending.

Management and oversight systems typically include regular city manager meetings with department heads and project managers, careful monitoring of budgets, reports that track progress toward goals and regular communication with the public. The City's performance measurement and reporting program is also part of the systematic operations management. Staff keeps data on the performance of key operations and priority projects to share with the city manager and to include in the annual operating budget.

A Secret Shopper Program was instituted to assess the city's performance providing exceptional customer service. Approximately once a year, Rockville uses volunteers to seek services from departments and report back on the quality of the service received. The results are analyzed and reported to department heads and supervisors. This system allows us to confirm the strengths and weaknesses of our service delivery, and follow up by rewarding examples of exceptional performance and addressing gaps between goals and deliverables in service delivery.

Management by Fact and Focus on Results

"Management by fact" is a core value of the Baldrige National Quality Program based on the simple logic that managers and/or work teams must study, measure, and analyze factual data about performance in order to beneficially act on it to control and/or improve it (See figures 5.1 and 5.2 for examples).

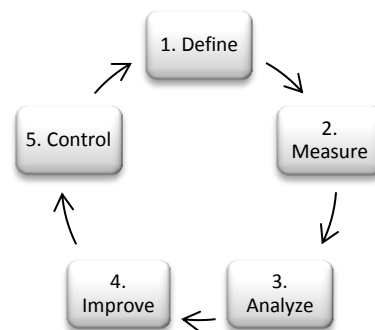Figure 5.1: Deming's Shewhart Cycle

Figure 5.2: Six Sigma DMAIC Improvement Model

Put simply, organizations should use good data to make decisions, monitor and communicate results.

- The Community Services Division is working to improve the measurements used to evaluate its social services programs and to develop a management strategy to utilize curriculums with evidence-based practices. Improved evidenced-based practices with data on participant progress will increase program competitiveness for outside funding from grants and foundation support.

Unfortunately, current and reliable data about operations and services is often difficult to define and obtain quickly and efficiently. Too often, the right information is not being collected or the method for collecting and reporting it is a time-consuming diversion from work more directly related to serving our customers.

One of the greatest values to productivity from new technologies is the ability of software to capture, organize and report current information about work, so that we can better manage it. Rockville's IT Strategic Plan for Fiscal Years 2012 -2016 includes several strategic initiatives to address this need.

Future Opportunity 5 -A: Document Management and Classification System. The conversion of paper documents to electronic records and an associated organizing system will ensure that employees and the public have access to the right information in a timely fashion.

Future Opportunity 5 -B: Enterprise Resource Planning (ERP) System.
The premiere priority in the IT Strategic Plan, this integrated software will positively impact the productivity of every City department. It will provide a centralized system for managing financial and human resource support functions as well as municipal operations for permitting, licensing, GIS-based infrastructure asset management, work order management and customer relationship management. This integration of data and information systems will improve staff's ability to collect, share and monitor the right information to make timely, accurate, cost-effective decisions, manage and maintain the community's infrastructure and amenities, and accurately respond to customer requests in a timely fashion.

Cutting Red Tape and Clarifying Priorities

"Faster: Eliminate backlogs and bottlenecks, and prioritize work."

--Ken Miller, "Extreme Government Makeover"

Rockville Policy for Productivity No. 1
Analyzing systems and procedures to identify and remove unnecessary review requirements.

A key element of productivity is expediting the flow of work.

- Rockville has amended its sign regulations to reduce the number of variances processed by the Sign Review Board and, therefore, reduced support work by City Staff.

Future Opportunity 5 -C: A focused review for additional process improvements to the City's development review and permitting processes, and associated fees and plan submission requirements, may identify additional opportunities for increased staff productivity and improved customer service. Such a review may require the support of a consultant.

Future Opportunity 5 -D: A systematic, citywide approach to identifying and removing unnecessary requirements may expedite the delivery of services in Rockville. Such a review may require the support of a consultant.

Decentralized and Centralized Functions

Rockville Policy for Productivity No. 10
Assigning responsibility for effective operations and citizen responsiveness to the department.

The introduction of technology systems often allows for the decentralization of tasks that used to be controlled by one person or group of people. The technology allows controls to be enforced through automated processes with standardized restrictions and requirements built into the approval process. In addition, while the tasks are decentralized throughout the organization, the data can easily be tracked and reported through a centralized office.

This allows internal service departments to push responsibility for administrative tasks directly to users in the client departments and limit the support department's function from daily administration to broader oversight. As a result, end users have more independence and

control over these functions, and can typically complete them more quickly and efficiently.

- The Purchasing Division expanded the "P-card" program to train and approve designated employees to make decentralized purchases that are electronically tracked monthly and on-demand reports are generated and the system more capably supports the annual audit.

Future Opportunity 5 -E: Grant administration may benefit from compliance oversight and greater consistency citywide. Examine the value of establishing a citywide grants manager to coordinate all City grant applications and reimbursement processes. Absent a technology system to standardize practices and reporting, it may make sense to centralize this function through a single person to support all departments.

Institutionalizing Established Best Practices

Business practices for optimum productivity typically center on strategic management methods likely to result in greater efficiency and effectiveness. Such practices are collected and promoted by professional associations that directly relate to Rockville's business units. Rockville is leveraging these resources to continually improve its products and service delivery.

- Rockville has received the Distinguished Budget Presentation Award from the Government Finance Officers Association for 20 consecutive years. This honor is awarded to governments that satisfy nationally recognized guidelines for how well a budget serves as a policy document, financial plan, communication device and an operations guide.

- The City's Police Department has been nationally accredited for more than 15 years by the Commission on Accreditation for Law Enforcement Agencies. In its most recent review of 2010, Rockville was found in

compliance with all mandatory standards and 99% of optional standards (80% compliance is considered acceptable for optional standards).

Future Opportunity 5 -F: The Department of Public Works should pursue the American Public Works Association Accreditation program to improve performance through the review of standard operating procedures and adoption of a systematic approach to continued improvement.

Future Opportunity 5 -G: Departments without accreditation processes have already begun to identify procedures that would benefit from more standardized practices. A systematic approach to the prioritization and standardization of procedures citywide will keep this effort on track and supported.

Collaboration with External Partners

- The City has established mutual aid agreements with state and regional entities to access equipment, materials and manpower in response to emergencies.

- Through cable franchise agreements and rights-of- way agreements with telecommunications companies, the IT Department has built a fiber network to 18 City facilities and implemented a voice over IP (VOIP) telephone system which saves over $150,000/year in telecommunications expenses and has reduced cabling expenditures by 50%. The fiber network was successfully expanded to the Water Treatment Plant with cooperation from Montgomery County, which provided 90% of the fiber to the plant at no cost to the City and resulted in a 65-fold improvement in bandwidth capacity.

- Rockville continues to work with Montgomery County and Gaithersburg to ensure traffic mitigation is planned collaboratively across jurisdictional boundaries.

- Partnerships with nonprofits groups have brought services to Rockville children and families like tutoring programs, lunch programs, nutrition workshops, and volunteer income tax assistance – all at no cost to the City.

Future Opportunity 5 -H: Seek new opportunities for public-private partnerships, including sponsorships and advertising as appropriate. The Rockville Recreation and Parks Foundation supports the City's consideration of establishing a naming rights policy to provide an opportunity for private funds to pay for facilities, park, and/or amenities in return for the naming rights. The City might also examine the pros and cons of changing its website from ".gov" to ".com" or another less restrictive domain as it may simplify the City's ability to attract and leverage sponsors for City events and programs to expand revenues from corporate partners.

Alternative Service Delivery:
Outsourcing, Privatization, Consolidation

Rockville Policy for Productivity No. 5
Evaluating the ability of the private sector to perform the same level of service at a lower cost.

- The Facilities Division contracts for nighttime janitorial work in city buildings and temporary labor to supplement trash collection in parks to accommodate seasonal increases in facility usage.

- Standing contracts are in place with private contractors to assist in responding to infrastructure emergencies requiring heavy equipment or specialized work.

- Accounts payable outsourced the processing of Flexible Spending Accounts for both Healthcare and Dependent Care.

- The work of a newly vacant position in Traffic & Transportation has been contracted out instead of refilled, enabling the remaining workforce to more efficiently share equipment.

- The work of the Community Services Division was consolidated, resulting in a staff reduction from 14.5 positions in 2004 to 8.6 positions in 2012. Consolidated administration of its Rockville Emergency Assistance Program has produced increased consistency in documentation requirements and in the distribution of funds.

- Rockville ensured continued public information while saving taxpayer dollars by privatizing the task of public notification regarding development proposals through a requirement for most applicants to perform their own mail notifications.

Future Opportunity 5 -I: Outsourcing utility markings would prevent City crews from being pulled off critical preventative maintenance tasks to mark utilities for contractors and customers.

Innovation

> "Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or a change in approach or outputs. It could include fundamental changes in organizational structure or the business model to more effectively accomplish the organization's work."
>
> -- Baldrige Criteria for Performance Excellence

Rockville Policy for Productivity No. 8

Stimulating creativity, innovation and individual initiative.

A series of three studies conducted by McKinsey & Company (McKinsey) in 2001-2002 across 20 industries in the U.S., France and Germany examined the surge of productivity that occurred in the private sector during the mid-1990's. The research revealed the key driver of productivity growth is innovation.

Companies that saw exponential (not 10% or 20% but 100%) increases in productivity innovated both by finding new ways to improve operations and by creating new, high-value added goods. (McKinsey Global Institute, 2002)

In the case of a local government like Rockville, innovation may similarly be achieved through management processes that leverage best-practices and diffuse them throughout the organization, and by creating new, high-value added services.

Agility

> "Success in today's ever-changing, globally competitive environment demands agility - a capacity for rapid change and flexibility."
>
> -- Baldrige Criteria for Performance Excellence

Rockville Policy for Productivity No. 9

Improving the organization's ability to respond to changing needs, and identify and implement cost-saving programs.

- The Recreation Division continues to analyze registration trends and adapt to changing interests in the marketplace by offering new and different sports, camps and activities. A number of the offerings in the current Recreation Guide did not exist as City services five years ago.

Continuous Improvement

It may be helpful to distinguish between the terms "continuous improvement" and "Innovation." The outcome of innovation is a discontinuous or *breakthrough* change in results, products or processes.

> "Innovation (which is different from continuous improvement) is about focusing on your 'purpose' and thinking of new ways to accomplish it. Continuous improvement led Franklin to make better day planners and AAA to make better maps. Innovation created the Blackberry and GPS devices."
>
> --Ken Miller, "Extreme Government Makeover"

Sometimes, a small refinement to operations can produce considerable improvements.

- Last year, the Swim Center changed from limiting one activity in each pool to hosting multiple swim classes concurrent with swim team practice. The operational challenges that had to be overcome in doing so paid off with an additional $17,000 in revenue.

- Community Planning and Development Services created a standard template for staff reports and series of associated maps to drastically improve the quality and timeliness of staff reports. As a result, nearly 100% of staff approval ratings reported in the City's survey of boards and commissions are now "good" or "excellent."

The City has redoubled its focus on cost recovery through the rental of city facilities during hours of non-business use.

- From 2007 to 2011, a strategic initiative for Civic Center facilities has included expanding staff duties, increasing fees, revamping policies and launching a new marketing plan. Despite the chilling effects of the economic downturn, the Center

increased revenue by 12%, or $91,000, over three years.

- Part time staff schedules at the Senior Center were adjusted in 2010 to allow for more weekend rentals of the facility, resulting in a 105% increase in rental revenue of $44,630 in 2011 over $21,270 in 2010.

1. Strategic Planning and Management

1-A: Sustainable Bridge Program: The City is developing a similarly comprehensive program to systematically inspect, assess and maintain Rockville's 100 bridges to ensure safety and improve cost-effectiveness.

2. Customer Focus

2-A: Future technology investments like the planned Enterprise Resource Planning (ERP) system will enable the City to evolve from offering the public online forms to providing online data entry. Customers will be able to input service requests, complaints, and other municipal business directly into the City's database for processing – thereby streamlining the intake process, expediting service delivery, and improving the City's management and tracking of information.

2-B: A systematic, citywide approach to code review and analysis for simplification and streamlining may result in greater efficiencies.

2-C: A more strategic approach to the continuous improvement of internal services may strengthen their support of the priority missions of municipal service departments.

3. Workforce Management

3-A: The establishment of a citywide, systematic approach to analyzing workload demand and position allocation may further improve the distribution of workload to existing and future staff positions. Development of such an approach may require consulting support.

3-B: Identify specific opportunities for increased delegation and monitor their sustained implementation in all departments of the City. Provide associated training and support to employees with expanding responsibilities and to managers and supervisors regarding management techniques that promote effective delegation.

3-C: When economic conditions become more favorable, the City should seek to fully fund the established pay-for-performance system and adjust employee salaries as needed to remain competitive with the labor market.

3-D: Managers and supervisors should increase informal and formal expressions of appreciation to high performers for excellent work.

4. Technology Management

4-A: Investment in Compressed Natural Gas (CNG) vehicles may provide a cleaner burning engine while reducing maintenance requirements and fuel costs. The City should continue to monitor costs associated with converting vehicles to CNG and consider purchasing CNG vehicles if/when it becomes cost effective.

4-B: Explore the feasibility of incorporating solar photovoltaic systems at City facilities. In 2011, US EPA created a Clean Energy Collaborative Procurement Initiative for the Washington, DC region to help local governments address the administrative, development and up-front cost barriers to renewable energy.

4-C: For new technology projects, the City might consider designating 1) a project manager to oversee the implementation of the technology and 2) a change manager or "architect" to coordinate associated business process improvements and changes to work practices and culture. For large projects, one or both of these roles may temporarily require an external consultant or full-time equivalent position.

5. Work System Management and Process Refinement

5-A: Document Management and Classification System. The conversion of paper documents to electronic records and an associated organizing system will ensure that employees and the public have access to the right information in a timely fashion.

5-B: Enterprise Resource Planning (ERP) System. The premiere priority in the IT Strategic Plan, this integrated software will positively impact the productivity of every City department. It will provide a centralized system for managing financial and human resource support functions as well as municipal operations for permitting, licensing, GIS-based infrastructure asset management, work order management and customer relationship management. This integration of data and information systems will improve staff's ability to make timely, accurate, cost-effective decisions, manage and maintain the community's infrastructure and amenities, and accurately respond to customer requests in a timely fashion.

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5-D: A systematic, citywide approach to identifying and removing unnecessary requirements may expedite the delivery of services in Rockville. Such a review may require the support of a consultant.

5-E: Grant administration may benefit from compliance oversight and greater consistency citywide. Examine the value of establishing a citywide grants manager to coordinate all City grant applications and reimbursement processes. Absent a technology system to standardize practices and reporting, it may make sense to centralize this function through a single person to support all departments.

5-F: Public Works should pursue the American Public Works Association Accreditation program to improve performance through the review of standard operating procedures and adoption of a systematic approach to continued improvement.

5-G: Departments without accreditation processes have already begun to identify procedures that would benefit from more standardized practices. A systematic approach to the prioritization and standardization of procedures citywide will keep this effort on track and supported.

5-H: Seek new opportunities for public-private partnerships, including sponsorships and advertising as appropriate. The Rockville Recreation and Parks Foundation supports the City's consideration of establishing a naming rights policy to provide an opportunity for private funds to pay for facilities, park, and/or amenities in return for the naming rights. The City might also examine the pros and cons of changing its website from ".gov" to ".com" or another less restrictive domain as it may simplify the City's ability to attract and leverage sponsors for City events and programs to expand revenues from corporate partners.

5-I: Outsourcing utility markings would prevent City crews from being pulled off critical preventative maintenance tasks to mark utilities for contractors and customers.

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